

REFERENCE TITLE: property tax exemptions; statutory conformity

State of Arizona
Senate
Fifty-third Legislature
First Regular Session
2017

SB 1249

Introduced by
Senator Burges

AN ACT

AMENDING SECTIONS 15-972, 42-11111 AND 42-11127, ARIZONA REVISED STATUTES;
AMENDING TITLE 42, CHAPTER 11, ARTICLE 3, ARIZONA REVISED STATUTES, BY
ADDING SECTION 42-11134; AMENDING SECTIONS 42-11152 AND 42-15053, ARIZONA
REVISED STATUTES; RELATING TO PROPERTY TAX EXEMPTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-972, Arizona Revised Statutes, is amended to
3 read:

4 15-972. State limitation on homeowner property taxes:
5 additional state aid to school districts:
6 definitions

7 A. Notwithstanding section 15-971, there shall be additional state
8 aid for education computed for school districts as provided in subsection
9 B of this section.

10 B. The clerk of the board of supervisors shall compute such
11 additional state aid for education as follows:

12 1. For a high school district or for a common school district
13 within a high school district that does not offer instruction in high
14 school subjects as provided in section 15-447:

15 (a) Determine the qualifying tax rate pursuant to section 41-1276
16 for the school district.

17 (b) Determine the following percentage of the qualifying tax rate
18 determined in subdivision (a) of this paragraph:

19 (i) Thirty-five percent through December 31, 2005.

20 (ii) Thirty-six percent beginning from and after December 31, 2005
21 through December 31, 2006.

22 (iii) Thirty-seven percent beginning from and after December 31,
23 2006 through December 31, 2007.

24 (iv) Thirty-eight percent beginning from and after December 31,
25 2007 through December 31, 2008.

26 (v) Thirty-nine percent beginning from and after December 31, 2008
27 through December 31, 2009.

28 (vi) Forty percent beginning from and after December 31, 2009.

29 (vii) Such further adjustments of the percentage beginning from and
30 after December 31, 2012 as provided by law.

31 (c) Select the lesser of the amount determined in subdivision (b)
32 of this paragraph or forty percent of the primary property tax rate that
33 would be levied in lieu of the provisions of this section for the
34 district.

35 (d) Multiply the rate selected in subdivision (c) of this paragraph
36 as a rate per one hundred dollars assessed valuation by the assessed
37 valuation used for primary property taxes of the residential property in
38 the school district.

39 2. For a unified school district, for a common school district not
40 within a high school district or for a common school district that offers
41 instruction in high school subjects as provided in section 15-447:

42 (a) Determine the qualifying tax rate pursuant to section 41-1276
43 for the school district.

44 (b) Determine the following percentage of the tax rate determined
45 in subdivision (a) of this paragraph:

1 (i) Thirty-five percent through December 31, 2005.

2 (ii) Thirty-six percent beginning from and after December 31, 2005
3 through December 31, 2006.

4 (iii) Thirty-seven percent beginning from and after December 31,
5 2006 through December 31, 2007.

6 (iv) Thirty-eight percent beginning from and after December 31,
7 2007 through December 31, 2008.

8 (v) Thirty-nine percent beginning from and after December 31, 2008
9 through December 31, 2009.

10 (vi) Forty percent beginning from and after December 31, 2009.

11 (vii) Such further adjustments of the percentage beginning from and
12 after December 31, 2012 as provided by law.

13 (c) Select the lesser of the amount determined in subdivision (b)
14 of this paragraph or forty percent of the primary property tax rate that
15 would be levied in lieu of the provisions of this section for the
16 district.

17 (d) Multiply the rate selected in subdivision (c) of this paragraph
18 as a rate per one hundred dollars assessed valuation by the assessed
19 valuation used for primary property taxes of the residential property in
20 the district.

21 C. The clerk of the board of supervisors shall report to the
22 department of revenue not later than the Friday following the third Monday
23 in August of each year the amount by school district of additional state
24 aid for education and the data used for computing the amount as provided
25 in subsection B of this section. The department of revenue shall verify
26 all of the amounts and report to the county board of supervisors not later
27 than August 30 of each year the property tax rate or rates that shall be
28 used for property tax reduction as provided in subsection E of this
29 section.

30 D. The board of supervisors shall reduce the property tax rate or
31 rates that would be levied in lieu of the provisions of this section by
32 the school district or districts on the assessed valuation used for
33 primary property taxes of the residential property in the school district
34 or districts by the rate or rates selected in subsection B, paragraph 1,
35 subdivision (c) and paragraph 2, subdivision (c) of this section. The
36 excess of the reduction in property taxes for a parcel of property
37 resulting from the reduction in the property tax rate pursuant to this
38 subsection over the amounts listed in this subsection shall be deducted
39 from the amount of additional state aid for education. The reduction in
40 property taxes on a parcel of property resulting from the reduction in the
41 property tax rate pursuant to this subsection shall not exceed the
42 following amounts except as provided in subsection I of this section:

43 1. Five hundred dollars through December 31, 2005.

44 2. Five hundred twenty dollars beginning from and after December
45 31, 2005 through December 31, 2006.

1 3. Five hundred forty dollars beginning from and after December 31,
2 2006 through December 31, 2007.

3 4. Five hundred sixty dollars beginning from and after December 31,
4 2007 through December 31, 2008.

5 5. Five hundred eighty dollars beginning from and after December
6 31, 2008 through December 31, 2009.

7 6. Six hundred dollars beginning from and after December 31, 2009.

8 E. ~~Prior to~~ BEFORE the levying of taxes for school purposes, the
9 board of supervisors shall determine whether the total primary property
10 taxes to be levied for all taxing jurisdictions on each parcel of
11 residential property, in lieu of the provisions of this subsection,
12 violate article IX, section 18, Constitution of Arizona. For those
13 properties that qualify for property tax exemptions pursuant to article
14 IX, ~~sections SECTION 2, 2.1 and 2.2,~~ Constitution of Arizona, eligibility
15 for the credit is determined on the basis of the limited property value
16 that corresponds to the taxable assessed value after reduction for the
17 applicable exemption. If the board of supervisors determines that such a
18 situation exists, the board shall apply a credit against the primary
19 property taxes due from each such parcel in the amount in excess of
20 article IX, section 18, Constitution of Arizona. Such excess amounts
21 shall also be additional state aid for education for the school district
22 or districts in which such parcel of property is located.

23 F. The clerk of the board of supervisors shall report to the
24 department of revenue not later than September 5 of each year the amount
25 by school district of additional state aid for education and the data used
26 for computing the amount as provided in subsection B of this section. The
27 department of revenue shall verify all of the amounts and report to the
28 board of supervisors not later than September 10 of each year the property
29 tax rate that shall be used for property tax reduction as provided in
30 subsection E of this section.

31 G. The clerk of the board of supervisors shall report to the
32 department of revenue not later than September 30 of each year in writing
33 the following:

34 1. The data processing specifications used in the calculations
35 provided for in subsections B and E of this section.

36 2. At a minimum, copies of two actual tax bills for residential
37 property for each distinct tax area.

38 H. The department of revenue shall report to the state board of
39 education not later than October 12 of each year the amount by school
40 district of additional state aid for education as provided in this
41 section. The additional state aid for education provided in this section
42 shall be apportioned as provided in section 15-973.

43 I. If a parcel of property is owned by a cooperative apartment
44 corporation or is owned by the tenants of a cooperative apartment
45 corporation as tenants in common, the reduction in the property taxes

1 prescribed in subsection D of this section shall not exceed the amounts
2 listed in subsection D of this section for each owner-occupied housing
3 unit on the property. The assessed value used for determining the
4 reduction in taxes for the property is equal to the total assessed value
5 of the property times the ratio of the number of owner-occupied housing
6 units to the total number of housing units on the property. For the
7 purposes of this subsection, "cooperative apartment corporation" means a
8 corporation:

9 1. Having only one class of outstanding stock.

10 2. **OF WHICH** all of the stockholders ~~of which~~ are entitled, solely
11 by reason of their ownership of stock in the corporation, to occupy for
12 dwelling purposes apartments in a building owned or leased by such **A**
13 corporation and ~~who~~ are not entitled, either conditionally or
14 unconditionally, except ~~upon~~ **ON** a complete or partial liquidation of the
15 corporation, to receive any distribution not out of earnings and profits
16 of the corporation.

17 3. **OF WHICH** eighty percent or more of the gross income ~~of which~~ is
18 derived from tenant-stockholders. For the purposes of this paragraph,
19 "gross income" means gross income as defined by the United States internal
20 revenue code, as defined in section 43-105.

21 J. The total amount of state monies that may be spent in any fiscal
22 year for state aid for education in this section shall not exceed the
23 amount appropriated or authorized by section 35-173 for that purpose.
24 This section shall not be construed to impose a duty on an officer, agent
25 or employee of this state to discharge a responsibility or to create any
26 right in a person or group if the discharge or right would require an
27 expenditure of state monies in excess of the expenditure authorized by
28 legislative appropriation for that specific purpose.

29 K. Notwithstanding subsection E of this section, beginning in
30 fiscal year 2015-2016, the maximum amount of additional state aid for
31 education that will be funded by this state pursuant to subsection E of
32 this section shall be one million dollars per county. For any county with
33 a school district or districts that collectively would otherwise receive
34 more than one million **DOLLARS** in additional state aid for education
35 pursuant to subsection E of this section, the property tax oversight
36 commission established by section 42-17002 shall determine the proportion
37 of the violation of article IX, section 18, Constitution of Arizona, that
38 is attributable to each taxing jurisdiction within the affected school
39 district or districts. Based on those proportions, the property tax
40 oversight commission shall determine an amount that each taxing
41 jurisdiction within the affected school district or districts shall
42 transfer to the affected school district or districts during the fiscal
43 year in order to compensate the affected school district or districts for
44 its pro rata share of the reduction in additional state aid for education
45 funding required by this subsection. In determining the proportion of the

1 violation of article IX, section 18, Constitution of Arizona, that is
2 attributable to each taxing jurisdiction within the affected school
3 district or districts, the property tax oversight commission shall assume
4 a proportion of zero for any taxing jurisdiction that has a tax rate for
5 the fiscal year that is equal to or less than the tax rate of peer
6 jurisdictions, as determined by the property tax oversight commission.

7 L. For the purposes of this section:

8 1. "Owner" includes any purchaser under a contract of sale or under
9 a deed of trust.

10 2. "Residential property" includes owner-occupied real property and
11 improvements to the property and owner-occupied mobile homes that are used
12 as the owner's primary residence and classified as class three property
13 pursuant to section 42-12003.

14 Sec. 2. Section 42-11111, Arizona Revised Statutes, is amended to
15 read:

16 42-11111. Exemption for property of widows and widowers and
17 persons with disabilities

18 A. The property of widows, ~~AND~~ widowers and persons with
19 disabilities who are residents of this state is exempt from taxation ~~to~~
20 ~~the extent allowed~~ AS PROVIDED by article IX, ~~sections~~ SECTION 2, ~~2.1, 2.2~~
21 ~~and 2.3,~~ Constitution of Arizona, and subject to the conditions and
22 limitations prescribed by this section.

23 B. Pursuant to article IX, section ~~2.3~~ 2, SUBSECTION F,
24 Constitution of Arizona, the exemptions from taxation under this section
25 are allowed in the amount of:

26 1. Three thousand dollars if the person's total assessment does not
27 exceed twenty thousand dollars.

28 2. No exemption if the person's total assessment exceeds twenty
29 thousand dollars.

30 C. On or before December 31 of each year, the department shall
31 increase the following amounts based on the average annual percentage
32 increase, if any, in the GDP price deflator in the two most recent
33 complete state fiscal years:

34 1. The total allowable exemption amount and the total assessment
35 limitation amount under subsection B of this section.

36 2. The total income limitation amounts under subsection E,
37 paragraphs 1 and 2 of this section.

38 For the purposes of this subsection, "GDP price deflator" means the
39 average of the four implicit price deflators for the gross domestic
40 product reported by the United States department of commerce or its
41 successor for the four quarters of the state fiscal year.

42 D. For the purpose of determining the amount of the allowable
43 exemption pursuant to subsection B of this section, the person's total
44 assessment shall not include the value of any vehicle that is taxed under
45 title 28, chapter 16, article 3.

1 E. Pursuant to article IX, section ~~2.3~~ 2, SUBSECTION F,
2 Constitution of Arizona, to qualify for this exemption, the total income
3 from all sources of the claimant and the claimant's spouse and the income
4 from all sources of all of the claimant's children who resided with the
5 claimant in the claimant's residence in the year immediately preceding the
6 year for which the claimant applies for the exemption shall not exceed:

7 1. Twenty-five thousand dollars if none of the claimant's children
8 under eighteen years of age resided with the claimant in the claimant's
9 residence.

10 2. Thirty thousand dollars if one or more of the claimant's
11 children residing with the claimant in the claimant's residence ~~were~~
12 either:

13 (a) WERE under eighteen years of age.

14 (b) ~~Totally and permanently,~~ HAD A TOTAL AND PERMANENT physical or
15 mental ~~disabilities~~ DISABILITY, as certified by competent medical
16 authority as provided by law.

17 F. For the purposes of subsection E of this section, "income from
18 all sources" means the sum of the following, ~~but~~ excluding the items
19 listed in subsection G of this section:

20 1. Adjusted gross income as defined by the department.

21 2. The amount of capital gains excluded from adjusted gross income.

22 3. Nontaxable strike benefits.

23 4. Nontaxable interest that is received from the federal government
24 or any of its instrumentalities.

25 5. Payments that are received from a retirement program and paid
26 by:

27 (a) This state or any of its political subdivisions.

28 (b) The United States through any of its agencies,
29 instrumentalities or programs, except as provided in subsection G of this
30 section.

31 6. The gross amount of any pension or annuity that is not otherwise
32 exempted.

33 G. Notwithstanding subsection F of this section, "income from all
34 sources" does not include monies received from:

35 1. Cash public assistance and relief.

36 2. Railroad retirement benefits.

37 3. Payments under the federal social security act (49 Stat. 620).

38 4. Payments under the unemployment insurance laws of this state.

39 5. Payments from veterans disability pensions.

40 6. Workers' compensation payments.

41 7. "Loss of time" insurance.

42 8. Gifts from nongovernmental sources, surplus foods or other
43 relief in kind supplied by a governmental agency.

44 H. A widow, ~~OR~~ OR widower or a person with a disability shall
45 initially establish eligibility for exemption under this section by filing

1 an affidavit with the county assessor under section 42-11152. Thereafter,
2 the person is not required to file an affidavit under section 42-11152,
3 but the person or the person's representative shall annually calculate
4 income from the preceding year to ensure that the person still qualifies
5 for the exemption and shall notify the county assessor in writing of any
6 event that disqualifies the ~~widow, widower or person with a disability~~
7 **PERSON** from further exemption. Regardless of whether the person or
8 representative notifies the assessor as required by this subsection, the
9 property is subject to tax as provided by law from the date of
10 disqualification, including interest, penalties and proceedings for tax
11 delinquencies. Disqualifying events include:

- 12 1. The person's death.
- 13 2. The remarriage of a widow or widower.
- 14 3. The person's income from all sources exceeding the limits
15 prescribed by subsection E of this section.
- 16 4. The conveyance of title to the property to another owner.

17 I. Any dollar amount of exemption that is unused in a tax year
18 against the limited property value of property and improvements owned by
19 the individual may be applied for the tax year against the value of
20 personal property subject to special property taxes including the taxes
21 collected pursuant to title 5, chapter 3, article 3 and title 28, chapter
22 16, article 3.

23 J. An individual is not entitled to property tax exemptions in the
24 aggregate that exceed the maximum allowed to a widow, ~~OR~~ widower or **A**
25 person with a disability even if the ~~person~~ **INDIVIDUAL** is eligible for an
26 exemption in more than one category.

27 Sec. 3. Section 42-11127, Arizona Revised Statutes, is amended to
28 read:

29 42-11127. Exempt personal property

30 A. Pursuant to article IX, section 2, subsection ~~(6)~~ **F**,
31 Constitution of Arizona, personal property that is class two property
32 pursuant to section 42-12002, paragraph 2, subdivision (a) or (b) that is
33 used for agricultural purposes or personal property that is class one
34 property pursuant to section 42-12001 that is used in a trade or business
35 as described in section 42-12001, paragraphs 8 through 11 or 13 is exempt
36 from taxation up to a maximum amount of fifty thousand dollars of full
37 cash value for each taxpayer.

38 B. On or before December 31 of each year, the department shall
39 increase the maximum amount of the exemption for the following tax year
40 based on the percentage increase, if any, in the employment cost index for
41 total compensation for private industry workers in the two most recent
42 complete state fiscal years. For the purposes of this subsection,
43 "employment cost index" means the average of the employment cost indices
44 reported by the bureau of labor statistics of the United States department

1 of labor or its successor for the eight quarters of the two most recent
2 state fiscal years.

3 Sec. 4. Title 42, chapter 11, article 3, Arizona Revised Statutes,
4 is amended by adding section 42-11134, to read:

5 42-11134. Exemption for primary residence of veterans with
6 disabilities; definitions

7 A. PURSUANT TO ARTICLE IX, SECTION 2, CONSTITUTION OF ARIZONA, REAL
8 AND PERSONAL PROPERTY AND IMPROVEMENTS TO THE PROPERTY THAT IS USED AS THE
9 PRIMARY RESIDENCE OF A VETERAN WITH A SERVICE OR NON-SERVICE CONNECTED
10 DISABILITY AND THAT IS OWNED BY THE VETERAN, OR JOINTLY BY THE VETERAN AND
11 THE VETERAN'S SPOUSE, ARE EXEMPT FROM TAXATION. THE AMOUNT OF THE
12 EXEMPTION IS DETERMINED BY MULTIPLYING THE ASSESSED VALUATION OF THE
13 PROPERTY BY THE PERCENTAGE OF THE VETERAN'S DISABILITY, AS RATED BY THE
14 UNITED STATES DEPARTMENT OF VETERANS AFFAIRS.

15 B. ANY QUESTION REGARDING A PERSON'S STATUS AS A VETERAN OR AS
16 HAVING A CLAIMED DISABILITY MUST BE VERIFIED BY THE UNITED STATES
17 DEPARTMENT OF VETERANS AFFAIRS OR BY THE ARIZONA DEPARTMENT OF VETERANS'
18 SERVICES.

19 C. TO QUALIFY FOR THE EXEMPTION UNDER THIS SECTION, THE VETERAN
20 MUST OCCUPY THE PROPERTY AS THE VETERAN'S PRIMARY RESIDENCE. THE PROPERTY
21 MAY BE CONSIDERED TO BE THE PRIMARY RESIDENCE OF A VETERAN WHO IS CONFINED
22 TO A HOSPITAL OR OTHER CARE FACILITY IF THE PROPERTY WOULD BE THE
23 VETERAN'S PRIMARY RESIDENCE WERE IT NOT FOR THE VETERAN'S CONFINEMENT AND
24 IF THE PROPERTY IS NOT LEASED OR RENTED TO ANOTHER OCCUPANT OTHER THAN A
25 FAMILY MEMBER WHO RESIDES AT THE PROPERTY.

26 D. A VETERAN MUST INITIALLY ESTABLISH ELIGIBILITY FOR EXEMPTION
27 UNDER THIS SECTION BY FILING AN AFFIDAVIT WITH THE COUNTY ASSESSOR UNDER
28 SECTION 42-11152. THEREAFTER, THE VETERAN IS NOT REQUIRED TO FILE AN
29 AFFIDAVIT UNDER SECTION 42-11152, BUT THE VETERAN OR THE VETERAN'S
30 REPRESENTATIVE MUST NOTIFY THE COUNTY ASSESSOR IN WRITING OF ANY EVENT
31 THAT DISQUALIFIES THE VETERAN FROM FURTHER EXEMPTION. REGARDLESS OF
32 WHETHER THE VETERAN OR REPRESENTATIVE NOTIFIES THE ASSESSOR AS REQUIRED BY
33 THIS SUBSECTION, THE PROPERTY IS SUBJECT TO TAX AS PROVIDED BY LAW FROM
34 THE DATE OF DISQUALIFICATION, INCLUDING INTEREST, PENALTIES AND
35 PROCEEDINGS FOR TAX DELINQUENCIES. DISQUALIFYING EVENTS INCLUDE THE
36 VETERAN'S DEATH AND THE CONVEYANCE OF TITLE TO THE PROPERTY TO ANOTHER
37 OWNER.

38 E. FOR THE PURPOSES OF THIS SECTION:

39 1. "PRIMARY RESIDENCE" MEANS AN OWNER-OCCUPIED DWELLING THAT IS
40 OWNED BY AND USED AS THE PRIMARY DWELLING PLACE OF A VETERAN. A PRIMARY
41 RESIDENCE MAY CONSIST OF A MANUFACTURED HOME OR PART OF A MULTIDWELLING OR
42 MULTIPURPOSE BUILDING.

1 2. "VETERAN" MEANS AN INDIVIDUAL WHO HAS SERVED IN, AND BEEN
2 DISCHARGED, SEPARATED OR RELEASED UNDER HONORABLE CONDITIONS FROM, ACTIVE
3 OR INACTIVE SERVICE IN THE UNIFORMED SERVICES OF THE UNITED STATES,
4 INCLUDING:

5 (a) ALL REGULAR, RESERVE AND NATIONAL GUARD COMPONENTS OF THE
6 UNITED STATES ARMY, NAVY, AIR FORCE, MARINE CORPS AND COAST GUARD.

7 (b) THE COMMISSIONED CORPS OF THE NATIONAL OCEANIC AND ATMOSPHERIC
8 ADMINISTRATION.

9 (c) THE COMMISSIONED CORPS OF THE UNITED STATES PUBLIC HEALTH
10 SERVICE.

11 (d) A NURSE IN THE SERVICE OF THE AMERICAN RED CROSS OR IN THE ARMY
12 AND NAVY NURSE CORPS.

13 (e) ANY OTHER CIVILIAN SERVICE THAT IS AUTHORIZED BY FEDERAL LAW TO
14 BE CONSIDERED ACTIVE MILITARY DUTY FOR THE PURPOSE OF LAWS ADMINISTERED BY
15 THE UNITED STATES SECRETARY OF VETERANS AFFAIRS.

16 Sec. 5. Section 42-11152, Arizona Revised Statutes, is amended to
17 read:

18 42-11152. Affidavit; false statements

19 A. Except as provided in sections 42-11104, 42-11109, 42-11110,
20 42-11111, ~~and~~ 42-11131 AND 42-11134 and except for property described in
21 sections 42-11125, 42-11127, 42-11132 and 42-11132.01, a person who claims
22 exemption from taxation under article IX, section 2, ~~2.1 or 2.2,~~
23 Constitution of Arizona, shall:

24 1. When initially claiming the exemption, appear before the county
25 assessor to make an affidavit as to the person's eligibility. If a
26 personal appearance before the county assessor would create a severe
27 hardship, the county assessor may arrange a mutually satisfactory meeting
28 place to make an affidavit as to the person's eligibility.

29 2. When claiming the exemption in subsequent years, appear before
30 the county assessor or a notary public to make an affidavit as to the
31 person's eligibility.

32 3. Fully answer all questions on the eligibility form or otherwise
33 required by the assessor for that purpose.

34 B. At the assessor's discretion, the assessor may require
35 additional proof of the facts stated by the person before allowing an
36 exemption.

37 C. A person who is in the United States military service and who is
38 absent from this state or who is confined in a veterans' hospital or
39 another licensed hospital may make the required affidavit in the presence
40 of any officer who is authorized to administer oaths on a form obtained
41 from the county assessor.

42 D. A false statement that is made or sworn to in the affidavit is
43 perjury.

1 Sec. 6. Section 42-15053, Arizona Revised Statutes, is amended to
2 read:

3 42-15053. Duty to report personal property; confidentiality

4 A. On or before February 1 of each year, the assessor shall mail a
5 form, notice or demand to each person who owns or has charge or control of
6 taxable personal property in the state. Each person shall prepare and
7 deliver to the assessor a correct report of property on or before April 1
8 of each year, except for property that is not required to be reported as
9 provided by subsection C of this section. On written request and for good
10 cause shown, the assessor may extend for up to thirty days the time for
11 filing the report.

12 B. The duty to report taxable property pursuant to this section
13 applies regardless of whether the person or entity that owns or has charge
14 or control of the personal property also owns real property in the county
15 with a value of two hundred dollars or more.

16 C. The assessor shall not require a report of:

17 1. The breed, number, age or location of livestock on hand from
18 individuals, corporations, partnerships or any other business if the
19 livestock is exempt from taxation pursuant to article IX, section 13,
20 Constitution of Arizona.

21 2. The personal property that is class two (P) property used for
22 agricultural purposes or that is class one, subclasses 8 through 11 and 13
23 property used in a trade or business that is exempt from taxation pursuant
24 to article IX, section 2, subsection ~~(6)~~ E, PARAGRAPH 2, Constitution of
25 Arizona.

26 D. Every assessment made against property subject to taxation is
27 valid whether or not the form, notice or demand was sent or received.

28 E. The department shall prescribe in detail the contents of
29 property reports, including the specific wording to be used by county
30 assessors and the method of reporting property. The report shall not
31 include any question that is not germane to the valuation function.

32 F. A report that is furnished under this section:

33 1. Is not open to public inspection, but the report may be used as
34 evidence in any prosecution brought under section 42-15055.

35 2. May be subject to audit. On completing an audit or on
36 discovering property that has not been reported, any property that was
37 found to have escaped taxation is liable for the amount of taxes due
38 determined under chapter 16, article 6 of this title, plus a penalty equal
39 to ten ~~per cent~~ PERCENT of that amount. The county treasurer shall credit
40 monies received as penalties under this paragraph to the county general
41 fund.

1 Sec. 7. Conditional enactment

2 This act does not become effective unless the Constitution of
3 Arizona is amended by vote of the people at the next general election by
4 passage of Senate Concurrent Resolution _____, fifty-third legislature,
5 first regular session, relating to the consolidation and reorganization of
6 provisions relating to exemptions from property taxation.